

OFFICE MARKET REPORT

THIRD
QUARTER
2005

Compared to
last quarter:

VACANCY



ABSORPTION



LEASE RATES



CONSTRUCTION



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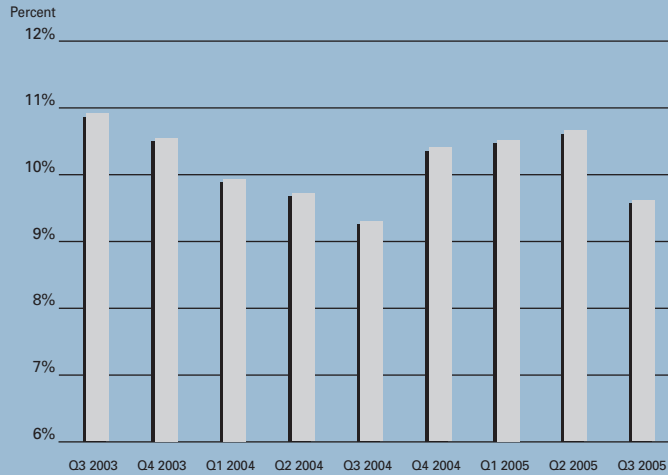
MARKET HIGHLIGHTS

- ◆ Third quarter unemployment for Las Vegas stood at 4.0 percent, down from the 4.2 percent recorded 12 months prior. By comparison, the national unemployment rate was 4.9 percent (seasonally adjusted) at the close of the third quarter.
- ◆ The Las Vegas Valley added an estimated 62,100 new jobs during the past 12 months, representing a 7.6 percent growth rate. Consistent new job growth is anticipated during the upcoming quarter.
- ◆ At the end of the third quarter 2005, the Las Vegas office market was comprised of 35.9 million square feet of inventory in 1,275 buildings.
- ◆ New additions to the market contributed 621,000 square feet, while demand (net absorption) remained positive with 920,000 square feet.
- ◆ Currently, there are approximately 2.9 million square feet of office space under construction and 4.5 million square feet planned for future development.
- ◆ There were 3.4 million unoccupied square feet, producing a market-wide vacancy rate of 9.6 percent. Current vacancies represented an increase from the 9.3 percent reported a year ago.
- ◆ The Southwest submarket continues to lead the market in terms of the amount of development activity. During the third quarter 2005, the Southwest represented 65 percent of all completions, with another 787,000 square feet under construction and over 1.5 million square feet planned for future development. Watch for this area to continue to development into a major office employment hub.

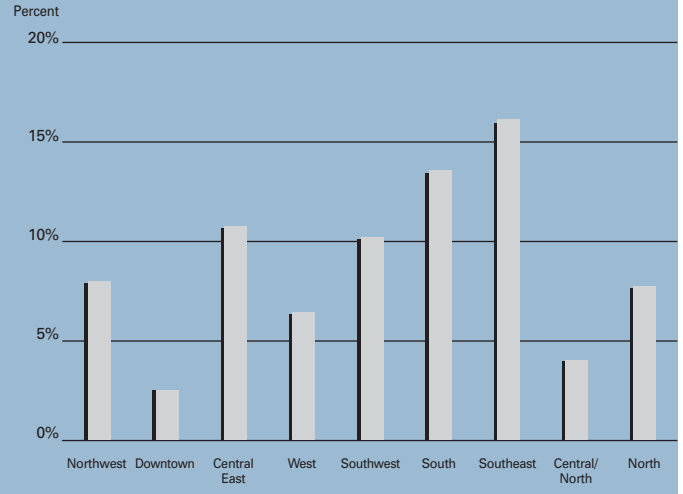
OFFICE MARKET STATISTICS

	3Q 2005	2Q 2005	3Q 2004	% CHANGE VS. 3Q04
Under Construction	2,934,000	2,321,000	1,873,000	56.65%
Planned Construction	4,509,000	5,591,000	5,110,000	-11.76%
Vacancy	9.6%	10.6%	9.3%	3.23%
Net Absorption	920,000	570,854	588,000	56.46%

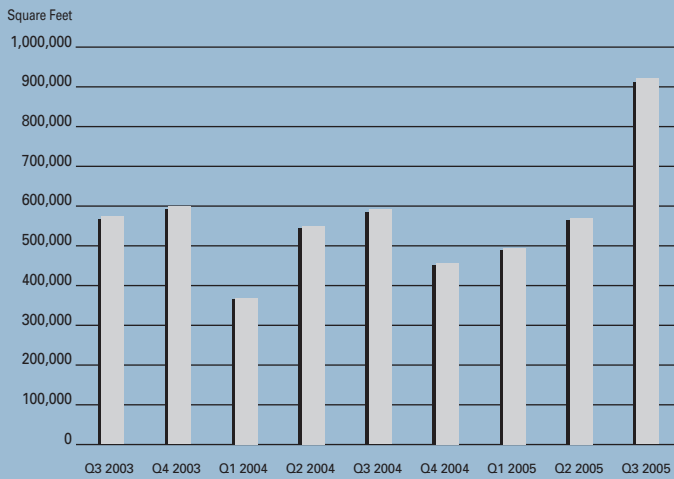
HISTORICAL VACANCY RATE



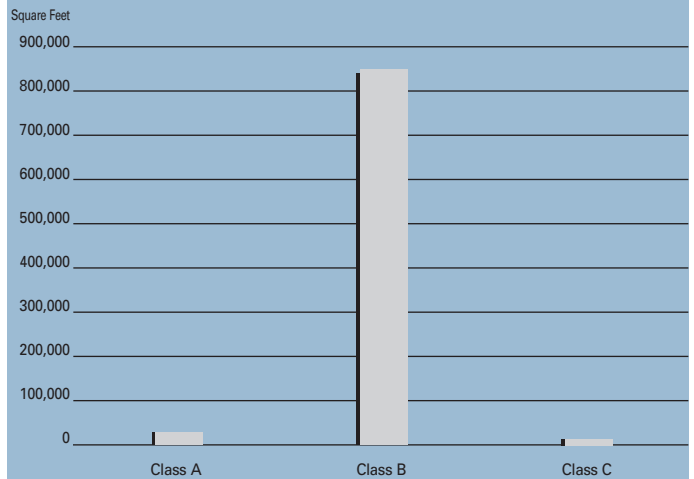
VACANCY RATE BY SUBMARKET



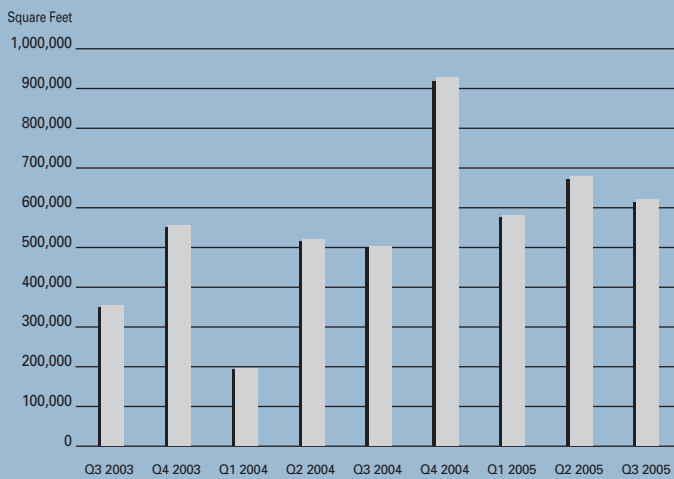
HISTORICAL NET ABSORPTION



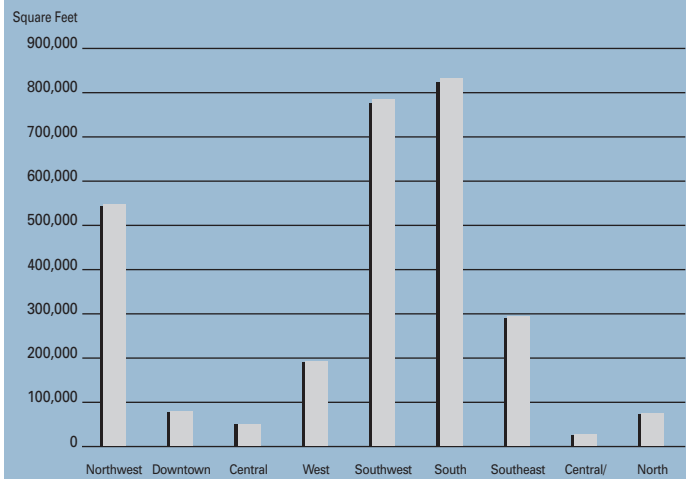
NET ABSORPTION BY CLASS



HISTORICAL NEW CONSTRUCTION



CONSTRUCTION ACTIVITY BY SUBMARKET

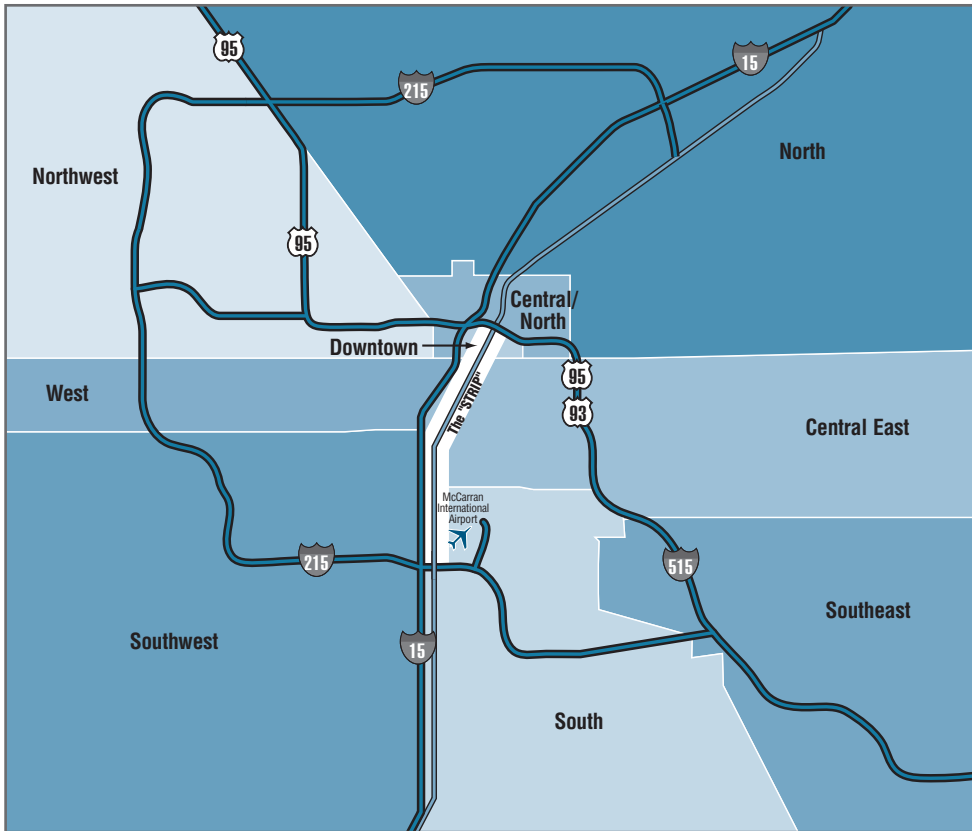


L A S V E G A S M A R K E T

	INVENTORY				VACANCY		ABSORPTION	
	Number Of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2005	Net Absorption 3Q2005	New Inventory 3Q2005
Northwest								
Class A	19	1,408,732	178,915	258,028	123,539	8.8%	58,512	74,388
Class B	154	4,285,039	370,678	106,720	342,016	8.0%	75,251	37,606
Class C	7	133,131	0	0	5,380	4.0%	(2,191)	0
Northwest Total	180	5,826,902	549,593	364,748	470,935	8.1%	131,572	111,994
Downtown								
Class A	6	1,340,173	85,200	0	1,990	0.1%	10,710	0
Class B	39	1,118,282	0	212,000	78,114	7.0%	1,326	0
Class C	23	597,598	0	0	8,859	1.5%	26,471	0
Downtown Total	68	3,056,053	85,200	212,000	88,963	2.9%	38,507	0
Central East								
Class A	12	1,252,434	0	186,963	39,202	3.1%	(20,525)	0
Class B	108	3,980,258	64,127	250,000	555,849	14.0%	41,264	0
Class C	49	1,331,549	0	0	143,586	10.8%	(11,611)	0
Central East Total	169	6,564,241	64,127	436,963	738,637	11.3%	9,128	0
West								
Class A	6	707,467	0	0	5,824	0.8%	3,780	0
Class B	209	4,671,094	199,818	228,461	362,551	7.8%	132,955	42,500
Class C	34	619,865	0	0	49,388	8.0%	23,910	0
West Total	249	5,998,426	199,818	228,461	417,763	7.0%	160,645	42,500
Southwest								
Class A	6	184,120	108,075	491,075	23,311	12.7%	5,169	0
Class B	149	3,325,319	678,779	1,047,533	359,940	10.8%	491,098	404,531
Class C	19	325,077	0	0	12,440	3.8%	(2,195)	0
Southwest Total	174	3,834,516	786,854	1,538,608	395,691	10.3%	494,072	404,531
South								
Class A	13	849,054	0	69,000	140,086	16.5%	(2,717)	0
Class B	276	6,284,892	844,402	683,923	840,527	13.4%	93,294	38,127
Class C	18	144,712	0	0	14,528	10.0%	(8,136)	0
South Total	307	7,278,658	844,402	752,923	995,141	13.7%	82,441	38,127
Southeast								
Class A	2	118,877	0	77,881	42,574	35.8%	(2,574)	0
Class B	49	1,081,981	298,600	383,500	155,183	14.3%	16,104	23,678
Class C	10	91,340	0	0	12,976	14.2%	7,113	0
Southeast Total	61	1,292,198	298,600	461,381	210,733	16.3%	20,643	23,678
Central/North								
Class A	1	220,000	0	0	0	0.0%	0	0
Class B	18	700,710	28,982	120,000	37,051	5.3%	(14,050)	0
Class C	9	368,055	0	0	14,760	4.0%	(6,632)	0
Central/North Total	28	1,288,765	28,982	120,000	51,811	4.0%	(20,682)	0
North								
Class A	1	45,376	54,419	0	27,986	61.7%	(14,894)	0
Class B	35	714,758	22,000	393,536	33,821	4.7%	18,832	0
Class C	3	12,000	0	0	0	0.0%	0	0
North Total	39	772,134	76,419	393,536	61,807	8.0%	3,938	0
Las Vegas Total								
Class A	66	6,126,233	426,609	1,082,947	404,512	6.6%	37,461	74,388
Class B	1,037	26,162,333	2,507,386	3,425,673	2,765,052	10.6%	856,074	546,442
Class C	172	3,623,327	0	0	261,917	7.2%	26,729	0
Total	1,275	35,911,893	2,933,995	4,508,620	3,431,481	9.6%	920,264	620,830

OFFICE MARKET
REPORT

THIRD QUARTER 2005



PRODUCT TYPE

CLASS A

Most prestigious buildings competing for premier office users with rents above average for the area. Buildings have high quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence.

CLASS B

Buildings competing for a wide range of users with rents in the average range for the area. Building finishes are fair to good for the area and systems are adequate, but the building cannot compete with Class A at the same price.

CLASS C

Buildings competing for tenants requiring functional space at rents below the area average.

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For Further Information:

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